

Hazel Henderson, USA. A thematic essay which speaks to Principle 7 on regenerative economies and the economics of sustainability

Beyond Economism: Toward Earth Ethics



Hazel Henderson is an independent futurist, worldwide syndicated columnist, and consultant on sustainable development. Editor of *Futures* (UK) and *WorldPaper*, she also serves on many boards, including Worldwatch Institute and the Calvert Social Investment Fund, with whom she co-created the Calvert-Henderson Quality-of-Life

Indicators. Dr. Henderson has been an ardent supporter of the Earth Charter since its inception. Her book *Paradigms in Progress: Life Beyond Economics* (1991) included references to the Earth Charter's early Principles. Since then, she has tirelessly promoted the Earth Charter in her books, speeches, and editorials, including a chapter in her new book with Daisaku Ikeda, President of Soka Gakkai International, *Planetary Citizenship* (2004).

The Earth Charter is the single most important people's declaration of the shared common values that lie beyond economics and money-measured indicators of "success," "wealth," and "progress." The twentieth century saw the zenith of economics as the arbiter of human progress and its gradual takeover of private and public decision-making. By the 1980s and the rise of Margaret Thatcher in Britain and Ronald Reagan in the USA, economists were fast becoming elevated to the role of philosopher kings in both industrial and developing countries. This takeover by economics of public policies, mass media, political discourse and the narratives of business, entrepreneurship, human motivation and social organization has been termed "economism."

The economics profession gradually became pre-eminent in government agencies across the board – from education to health, welfare, environment, even the arts and recreation. Policy analysis in all these sectors of societies began to be subsumed by economists and their methodologies, particularly those of cost-benefit, risk-assessment, and valuations of everything from the monetary worth of family and social cohesion and human life itself, to ecological sustainability. The myopic focus of economics on money-based transactions and meas-

ures of "value" began to seriously distort public and private decision-making.

Indeed, even today, most economic textbooks still teach an obsolete model of "human nature" based on the primitive stage of early human experience, coded in our reptilian brains. For economists, rational behavior is the maximizing of individual self-interest in competition with others – implying that humans' equal capacities for cooperation and sharing are "irrational." These errors in economics are compounded by the discounting or ignoring of human and social "capital" and ecological assets. The often heavy costs of economic exploitation of such human and environmental resources are a result of economic theories of "discounting" their value and "externalizing" such social and environmental costs to society, future generations and the environment.

The Earth Charter is a major bulwark reasserting the widely-shared values associated with the totality of human existence and preservation of options for our survival and common future on this planet. Thus, the Earth Charter has become a powerful reassertion of these broader values that lie beyond the narrow calculus of monetary profit and loss. I believe that this is why the Earth Charter has found such worldwide acceptance and endorsement in so many countries and cultures. Institutions at all levels and in all sectors of society have endorsed the Earth Charter, from municipalities, civic, academic and professional groups to companies such as the USA-based Calvert Group of socially-responsible mutual funds on whose Advisory Council I serve. Furthermore, the Earth Charter has become a reference point for many efforts to articulate other declarations of global ethics, such as the Prague Declaration of Forum 2000 and those of the Parliament of the World Religions.

There is hope in the unfolding public debates of this twenty-first century, for example, between the business-as-usual views of most participants in World Economic Forum meetings in snowy Davos, Switzerland and those of global civil society at the World Social Forum in sunny Porto Alegre, Brasil. The world's mainstream media have so far failed to adequately understand or reframe these worldwide debates between proponents of economic and technological globalization, which threaten the

Principle 7. Adopt patterns of production, consumption, and reproduction that safeguard Earth's regenerative capacities, human rights, and community well-being.

broader social and environmental values held primarily by the vast grass-roots majority of human beings.

An example of such debates involves education and how it is treated in the national accounts of most countries, i.e., their Gross National Product (GNP) and its narrower Gross Domestic Product (GDP) indexes. Education, which is arguably the most important investment any country makes in its future, is treated as a “cost.” Yet, in this twenty-first century Information Age, politicians and leaders worldwide stress the key role of education as the bedrock of human development and social progress. Many economists have now widened their horizons accordingly and acknowledge that the wealth of nations lies in educated, productive citizens, increasingly described as “human capital.”

The World Bank began acknowledging such new forms of capital in its Wealth Report in 1995 when it conceded that its previous narrow focus on financial and built capital (money and factories) was misplaced. The Wealth Report explained that sixty percent of its measure consisted of human capital, twenty percent environmental capital (nature’s resources), and that finance and factories only constituted twenty percent of the real wealth of nations. Since then, the Bank has focused on education – particularly of girls – as one of the most productive investments that governments, businesses, and individuals can make. Of course, parents knew this all along!

Yet, most economic textbooks, models and national accounts – GNP and GDP – still categorize these investments in education as “consumption,” or “expenses,” as if these funds were just money down the rat hole! Such persistent errors force these crucial investments in our most precious resource, our children, to compete in annual budgets of local, state, and national governments with roads, police, sewage treatment, sports stadiums, and even weapons.

The growing breed of statisticians of quality of life and sustainable development (see for example, the Calvert-Henderson Quality of Life Indicators, www.calvert-henderson.com), have called for correcting such errors in national accounts for decades. In 1992 at the UN Earth Summit in Rio de Janeiro, 170 governments pledged, in Agenda 21, to implement these corrections by including human resources, unpaid work, ecological assets, and subtracting pollution and resource-depletion. The Earth Charter grounds all these new indicators in its sixteen principles.

It is vital for Earth Charter supporters, educators, and all those concerned with our children’s future, to insist that economists at the International Monetary Fund, the World Bank, and in national governments, re-designate investments in education as just that: investments. Once this is accomplished, these education investments should also be added to the new asset accounts recommended by statisticians of quality of life. Education is a key part of the infrastructure of all societies that pays

dividends over at least twenty years and produces our precious “human capital.” When all these taxpayer-supported infrastructure investments are properly accounted as assets in GNP, they balance out and reduce the public debt accordingly. This lowers interest rates countries must pay. Doing this would open the door to more long-term planning, motivate positive investment, and ensure a brighter future for society and our children. Earth Charter values are slowly entering the thinking of many corporate executives of the 2000 companies that are signatories of the Global Compact principles launched by Kofi Annan, Secretary-General of the United Nations.

We can all hold economists to account to see that the errors in their models no longer compromise our children’s future. Remember, economics is not a science, just a profession, with less quality control than most others. Never again should educators, parents, and concerned citizens have to fight annual budget battles over education. With correct accounting, these investments, and those in vital public infrastructure, would be safely protected as the long-term assets they truly are.

Earth Charter supporters can challenge economism and claim the full legitimacy in public and private decision-making for all the Charter’s life-affirming values and principles. Economists need not be embarrassed by this unmasking as a profession rather than a science. Many honorable professions are content with this term: those who practice law, medicine, engineering, architecture, and other such applications of knowledge. Lawyers in particular are happy to be known as advocates. Similarly, we now know, economists have always been advocates of various government policies, regulations or deregulation, and of the interests of their clients who are most often bankers, financial firms, and corporations in general.

There is no quarrel with these advocates, whether lawyers, economists, or lobbyists, or their roles in policy-making. All that is necessary is clarity on the part of these professionals and all advocates so that the public is fully informed, and the issues are argued honestly. Economists can no longer falsely claim scientific status for their arguments nor confuse the public by pretending to be scientists. Why not embrace the truth and call the profession “economic advocacy”? After all, the Information Age has already morphed into the Age of Truth.

Today, advocates of the Earth Charter stand on even firmer ground as we advocate progress toward the Millennium Development Goals, addressing needs for clean water, health, education, and providing global public goods and infrastructure. Rebalancing human notions of “progress” and “development” beyond the false ideologies of economism is necessary for human survival on this endangered planet. The Earth Charter represents humanity’s best roadmap to diverse regenerative economies and peaceful, just societies for a brighter future for all. ●